

Perrigo Company Announces Fourth Quarter and Year End Results

PRNewswire
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Perrigo Company (NASDAQ: PRGO) today announced results for the fourth quarter and fiscal year ended June 30, 2001.

For the fourth quarter, net sales were \$180.9 million, an increase of 19 percent from \$152.3 million in the fourth quarter last year. Net income was \$6.2 million compared with a loss of \$8.1 million a year ago. Earnings per share from operations were \$0.05 compared with a loss of \$0.11 per share in the fourth quarter of fiscal 2000. At year-end, the Company reduced a charge taken in the second quarter related to a product line discontinuation, adding another \$0.03 per share to earnings in the current quarter.

In November 2000, in compliance with the Food and Drug Administration's (FDA) recommendation, the Company voluntarily discontinued production and halted shipments of all products containing the ingredient phenylpropanolamine (PPA). On a proforma basis, excluding both the PPA discontinuation, which resulted in a \$12.5 million reduction in sales in fiscal 2001, and \$17.7 million in fiscal 2000 sales from the personal care business divested that year, the Company recorded sales of \$766.0 million compared with \$726.6 million last year, an increase of five percent. The PPA discontinuation also resulted in a charge of \$21.0 million, or \$0.18 per share. Proforma net income for 2001 was \$41.1 million, or \$0.55 per share. Including the PPA-related reduction in sales, reported net sales for fiscal 2001 were \$753.5 million and reported net income, including the PPA charge, was \$27.7 million, or \$0.37 per share fully diluted. For fiscal 2000, including the divested personal care business, Perrigo reported net income of \$19.3 million, or \$0.26 per share fully diluted.

Commenting on the quarter and year, Chief Executive Officer, David T. Gibbons, said, "We are pleased with our fiscal 2001 results, which benefited from solid business trends, new products like famotidine and strong balance sheet and cash management. This year we made good progress in our plans for continuous improvement in product quality, operational excellence and ultimately our financial results. The continuing investments in the quality and compliance initiatives being made today will be fully implemented in fiscal 2002. We will continue to be challenged with absorbing these additional costs in the year ahead.

"In the fourth quarter, we had a strong sell-in of our new 10 mg famotidine antacid tablet, which is comparable to the national brand Pepcid® AC. We also began shipping reformulated cough and cold products related to the PPA discontinuation. New product development will continue to be a key to growth, and we are targeting several rollouts for fiscal 2002, including store brand equivalents to Advil® Cold & Sinus, Rogaine® Extra Strength, and Excedrin® Migraine.

"We also were pleased to complete the acquisition of Wrafton Laboratories in the United Kingdom, a supplier of over-the-counter (OTC) pharmaceutical store brands to grocery and pharmacy retailers as well as a contract manufacturer. The Wrafton acquisition serves as an excellent entry point into the U.K. market where some of our major domestic retail customers are expanding their operations.

"While fiscal 2002 will have its challenges, we look forward to solid sales and earnings growth. With the addition of Wrafton, our expectations are for double-digit sales growth and earnings of between \$0.60 and \$0.62 per share. We anticipate earnings for our fiscal first quarter 2002 ending in September to be in a range of \$0.14 to \$0.16 per share fully diluted."

Perrigo will host a conference call to discuss fourth quarter and fiscal 2001 year end results at 11:00 a.m. (EDT) today. The call and replay will be available via webcast on the Company's web site at <http://www.perrigo.com/investor> . The conference call may also be accessed by phone on a listen-only basis by calling 1-800-230-1059 and asking for Perrigo's fourth quarter and year end review. A taped replay of the call will be available beginning at approximately 2:30 p.m. (EDT) Wednesday, August 15. To listen to the replay, call 1-800-475-6701, access code 598085 (outside the United States, call 320-365-3844).

Perrigo Company is the nation's largest manufacturer of over-the-counter pharmaceutical and nutritional products for the store brand market. Store brand products are sold by national and regional supermarket, drugstore and mass merchandise chains under their own labels and compete with nationally advertised brands. The Company's products include over-the-counter pharmaceuticals, such as analgesics, cough and cold remedies, antacids, laxatives, feminine hygiene and smoking cessation products, and nutritional products, such as vitamins, nutritional supplements and nutritional drinks. Visit Perrigo on the Internet at <http://www.perrigo.com/> .

Note: Certain statements in this press release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended and are subject to the safe harbor created thereby. Please refer to pages 23-27 of the Company's Form 10-K for the year ended July 1, 2000 for a discussion of certain important factors that relate to forward- looking statements contained in this press release. Although the Company believes that the expectations reflected in any such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.

PERRIGO COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Fourth Quarter		Year-To-Date	
	2001	2000	2001	2000
Net sales	\$180,898	\$152,342	\$753,488	\$744,284
Cost of sales	139,341	134,239	568,994	597,646
PPA product discontinuation	-	(2,600)	-	17,600
Gross profit	44,157	18,103	166,894	146,638
Operating expenses				
Distribution	3,650	3,654	15,148	16,002
Research and development	5,004	5,004	6,122	17,634
Selling and administration	24,442	22,972	92,821	81,509
Restructuring and redesign	2,175	1,048	2,175	1,048
Unusual litigation	-	(4,154)	(995)	(4,154)
	35,271	29,642	126,783	110,719
Operating income	8,886	(11,539)	40,111	35,919
Interest and other, net	(926)	473	(3,748)	4,994
Income before income taxes	9,812	(12,012)	43,859	30,925
Income tax expense	3,611	(3,946)	16,203	11,627
Net income	\$6,201	\$(8,066)	\$27,656	\$19,298

Basic earnings per share	\$0.08	\$(0.11)	\$0.38	\$0.26
Diluted earnings per share	\$0.08	\$(0.11)	\$0.37	\$0.26
Shares outstanding used for basic EPS calculation	73,750	73,436	73,646	73,370
Shares outstanding used for diluted EPS calculation	75,720	73,436	74,566	73,593

PERRIGO COMPANY
SELECTED BALANCE SHEET DATA
(In thousands)

	June 30, 2001 (Unaudited)	July 1, 2000
Current assets	\$313,137	\$268,645
Property & equipment, net	212,087	193,580
Other assets	50,688	23,839
Total Assets	\$575,912	\$486,064
Current liabilities	\$171,759	\$113,920
Deferred income taxes	17,419	19,462
Other long-term liabilities	859	-
Minority interest	-	922
Shareholders' equity	385,875	351,760
Total Liabilities and Equity	\$575,912	\$486,064

PERRIGO COMPANY
SELECTED STATEMENTS OF CASH FLOWS DATA
(In thousands)
(Unaudited)

	June 30, 2001	July 1, 2000
Net income	\$27,656	\$19,298
Depreciation and amortization	23,022	22,245
Other operating activities	17,541	76,270
Net cash from operating activities	68,219	117,813
Additions to property and equipment	(26,804)	(14,364)
Proceeds from sale of assets held for sale	-	31,186
Business acquisitions, net	(46,000)	-
Other	208	3,704
Net cash (for) from investing activities	(72,596)	20,526
Net cash from (for) financing activities	8,338	(132,979)
Net Increase (Decrease) in Cash and Cash Equivalents	3,961	5,360
Cash and Cash Equivalents, at Beginning of Period	7,055	1,695
Cash and Cash Equivalents, at End of Period	\$11,016	\$7,055

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SOURCE: Perrigo Company

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